

**STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

In the Matter of:

**CrossSummitt Enterprises Inc.,
Crosswalk Holdings Inc.,
Richard Dunn and Kevin Dunn, Individually**

Enforcement Case No. 10-11136

Respondents

_____ /

Issued and entered
On 7-29, 2011
by Annette E. Flood
Chief Deputy Commissioner

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Regulation (OFIR) of the Michigan Department of Labor & Economic Growth, pursuant to the Administrative Procedures Act of 1969, 1969 PA 306, as amended; MCL 24.201 *et seq.*; the Michigan Insurance Code ("Code"), 1956 PA 218, as amended; MCL 500.100 *et seq.* (Code), and the rules promulgated under the Code, says that:

**I
BACKGROUND**

1. Respondent CrossSummit Enterprises Inc., (CSE) is an active licensed Non-Resident Producer Agency in the State of Michigan with qualifications in Accident and Health, Casualty, Life, and Property. CSE's place of business is 100 Eagle Rock Ave., Ste. 121, East Hanover, New Jersey 07936-3149. Respondent CSE is not a licensed third party administrator or managing general agent in the State of Michigan.
2. Respondent Richard Dunn is a resident of the State of New York and the chairman of CSE. Respondent Richard Dunn is not licensed to conduct the business of insurance in the State of Michigan.
3. Respondent Kevin Dunn is a resident of the State of New York and President of CSE. Respondent Kevin Dunn is not licensed to conduct the business of insurance in the State of Michigan.

4. Respondent Crosswalk Holdings Inc. (Crosswalk) is an entity located in the State of New Jersey and is not a licensed third party administrator, managing general agent or producer in the State of Michigan. CSE, Crosswalk, Richard Dunn and Kevin Dunn are referred herein as "Respondents."
5. On June 22, 2006, AMLI entered into a managing general underwriting and administrative services agreement ("MGU") with Crosswalk. According to the agreement, American Medical and Life Insurance Company (AMLI) appointed Crosswalk as its principal agent and representative for the marketing of policies of insurance underwritten by AMLI under a separate agency agreement ("MGA"). Crosswalk was subsequently replaced by an affiliated entity, CSE.
6. The agreement also appointed Respondent Crosswalk as the managing general agent. Pursuant to the agreement, Crosswalk was allowed to solicit applications for insurance, collect premiums, appoint agents to sell AMLI's insurance product, receive and pay commissions for the sale of insurance by appointed agents. As a result of the agreement, Respondent has managed part of AMLI's insurance business.
7. Respondents acted in the capacity of a managing general agent with respect to risks located in the State of Michigan for an insurer authorized in this state without a license to act as a managing general agent in this state.
8. Respondents solicited, negotiated, and sold insurance products on behalf of Pan-American Life Insurance Company, Guarantee Trust Life Insurance Company and AMLI without an appointment pursuant to MCL 500.1208a(1) and in some cases, sold and marketed policies of insurance without a license.
9. Respondents allowed unlicensed individuals and entities to sell AMLI's limited medical benefit health insurance policies in Michigan.
10. Respondents processed claims and provided other administrative services for AMLI without obtaining and maintaining a third party administrator license.

II CONCLUSIONS OF LAW

WHEREAS, Section 251 of the Code, MCL 500.251, states that in the reasonable exercise of discretion, the Commissioner may issue a cease and desist order if the Commissioner finds any of the following:

- (a) A person is conducting transactions of insurance for which a certificate of authority is required by this act without having obtained a certificate of authority.
- (b) A person is acting as an insurance agent, solicitor, adjuster, or counselor without a license as required by this act.

- (c) A person is engaged in an act or practice in the business of insurance for which authority from or notification to the Commissioner is required by this act and the person has not received authority or given notification; and
- (d) A person authorized to engage in the business of insurance under this act is engaged in conduct that presents an immediate danger to public health, safety, or welfare.

WHEREAS, the Commissioner finds that a person must have a certificate of authority under Section 910 of the Third Party Administrator Act (TPA) in order to act as a third party administrator; and

WHEREAS, the records of OFIR disclose that Respondents do not have a certificate authority from the Commissioner pursuant to Section 910 of the TPA to act as a third party administrator in the State of Michigan; and

WHEREAS, the Commissioner finds that by processing and paying insurance claims and providing other related administrative services for an insurer, Respondent is acting as a third party administrator; and

WHEREAS, the Commissioner finds that a person must have a license under Section 1405 of the Insurance Code in order to act as managing general agent in the State of Michigan; and

WHEREAS, the records of OFIR disclose that Respondents do not have a certificate authority from the commissioner pursuant to Section 1405 of the Code to act as a managing general agent in the State of Michigan; and

WHEREAS, the Commissioner finds that Respondents managed part of the insurance business of an insurer, produced directly written premiums of an insurer and adjusted or paid claims on behalf of an insurer and therefore, Respondent is acted as a managing general agent of the insurer; and

WHEREAS, the Commissioner finds that Respondents solicited, negotiated, sold insurance products on behalf of Pan-American Life Insurance Company, Guarantee Trust Life Insurance Company and American Medical and Life Insurance Company without an appointment pursuant to MCL 500.1208a(1) and in some cases sold and marketed policies of insurance without a license.

WHEREAS, the Commissioner finds this action necessary and appropriate in the public interest for the protection of the public and consistent with the purposes fairly intended by the policy and provisions of the Code.

IT IS THEREFORE ORDERED, pursuant to Section 251 of the Code, that Respondents shall immediately **CEASE AND DESIST** from violating Section 1208a(1) of the Code and soliciting, selling and negotiating insurance on behalf of an insurer in the State of Michigan without an appointment from the insurer.

IT IS FURTHER ORDERED, that Respondents shall immediately cease and desist from violating Section 1212(1) of the Code, and appointing, employing or in any manner receiving the benefit of business done or services rendered in this state by a person acting as a solicitor in this state without a license.

IT IS FURTHER ORDERED, that Respondents shall immediately cease and desist from violating Section 1208a(1) of the Code and acting as an insurance producer of an insurer without receiving as appointment from the insurer.

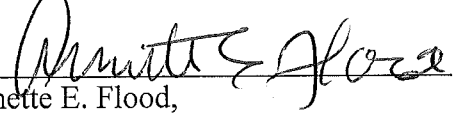
IT IS FURTHER ORDERED, that Respondents shall immediately cease and desist from violating Section 1405(1) of the Code, and acting in any capacity as a managing general agent with respect to risks located in this state for an insurer authorized in this state unless Respondents are licensed to do so in this state.

IT IS FURTHER ORDERED, that Respondents shall immediately cease and desist from violating Section 910(1) of the Code and operating as a third party administrator without first obtaining and maintaining a certificate of authority from the Commissioner.

A person who violates or otherwise fails to comply with a cease and desist order is subject to a civil fine of not more than \$1,000.00 for each violation not to exceed an aggregate civil fine of \$30,000.00. However, if the person knew or reasonably should have known the person was in violation of the order, payment of a civil fine of not more than \$25,000.00 for each violation not to exceed an aggregate civil fine of \$250,000.00. The Commissioner may also recover reasonable attorney fees if judicial action is necessary for enforcement of a cease and desist order under this section.

A person who is the subject of a cease and desist order may contest the order by requesting a hearing before the Commissioner not later than 30 days after the order is delivered or mailed to the person. Within 10 days after receiving the request, the Commissioner shall commence a hearing in accordance with the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969. Pending the hearing, the cease and desist order continues in full force and effect unless the order is stayed by the Commissioner. Any request for a hearing should be addressed to: the Office of Financial and Insurance Services, Attention: Hearing Coordinator Tracy Janousek, P.O. Box 30220, Lansing, Michigan 48909.

**DEPARTMENT OF LICENSING AND
REGULATORY AFFAIRS**

By: 
Annette E. Flood,
Chief Deputy Commissioner
Office of Financial and Insurance Regulation